

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:

**MINERVA RESOURCES, LLC;
CRONUS MINERAL HOLDINGS, LLC,**

Debtors.¹

§

§ **Chapter 11**

§

§ **Case No. 22-32291**

§

§ **(Jointly Administered)**

§

**DEBTORS' EXPEDITED MOTION FOR APPROVAL OF SALE BY PUBLIC ONLINE
SEALED BID AUCTION OF ASSETS FREE AND CLEAR OF LIENS, CLAIMS,
INTERESTS AND ENCUMBRANCES UNDER 11 U.S.C. § 363(F)**

THIS MOTION SEEKS AN ORDER THAT MAY ADVERSELY AFFECT YOU. IF YOU OPPOSE THE MOTION, YOU SHOULD IMMEDIATELY CONTACT THE MOVING PARTY TO RESOLVE THE DISPUTE. IF YOU AND THE MOVING PARTY CANNOT AGREE, YOU MUST FILE A RESPONSE AND SEND A COPY TO THE MOVING PARTY. YOU MUST FILE AND SERVE YOUR RESPONSE WITHIN 21 DAYS OF THE DATE THIS WAS SERVED ON YOU. YOUR RESPONSE MUST STATE WHY THE MOTION SHOULD NOT BE GRANTED. IF YOU DO NOT FILE A TIMELY RESPONSE, THE RELIEF MAY BE GRANTED WITHOUT FURTHER NOTICE TO YOU. IF YOU OPPOSE THE MOTION AND HAVE NOT REACHED AN AGREEMENT, YOU MUST ATTEND THE HEARING. UNLESS THE PARTIES AGREE OTHERWISE, THE COURT MAY CONSIDER EVIDENCE AT THE HEARING AND MAY DECIDE THE MOTION AT THE HEARING.

EXPEDITED RELIEF HAS BEEN REQUESTED. IF THE COURT CONSIDERS THE MOTION ON AN EXPEDITED BASIS, THEN YOU WILL HAVE LESS THAN 21 DAYS TO ANSWER. IF YOU OBJECT TO THE REQUESTED RELIEF OR IF YOU BELIEVE THAT THE EXPEDITED CONSIDERATION IS NOT WARRANTED, YOU SHOULD FILE AN IMMEDIATE RESPONSE.

RELIEF IS REQUESTED NO LATER THAN SEPTEMBER 6, 2022.

REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEY.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Minerva Resources, LLC (4164), and Cronus Mineral Holdings, LLC (3039).

Minerva Resources, LLC (“Minerva”) and Cronus Mineral Holdings, LLC (“Cronus”), as debtors and debtors in possession in the above-captioned cases (the “Debtors”), file this Expedited Motion for Approval of Sale by Public Online Sealed Bid Auction of Assets Free and Clear of Liens, Claims, Interests and Encumbrances Under 11 U.S.C. § 363(f) (the “Motion”).

JURISDICTION AND VENUE

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A) and (N). Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

EXPEDITED CONSIDERATION

2. Pursuant to Bankruptcy Local Rule 9013-1(i) and Bankruptcy Rule 6003, the Debtors request expedited consideration of this Motion. Bankruptcy Rule 6003 provides that the relief requested in this Motion may be granted if the “relief is necessary to avoid immediate and irreparable harm.” FED. R. BANKR. P. 6003. The Debtors seek to sell their assets in a forum that maximizes their value without being hindered by ongoing state court litigation or the inability to generate revenue from those assets while such litigation is ongoing. Concurrent with this Motion, the Debtors have filed an application to approve the retention of EnergyNet as their sale broker. All parties in interest should be aligned in seeking to minimize the amount of time and related expenses needed to liquidate the Debtors’ assets. Since engaging EnergyNet on August 8, 2022, the Debtors have been populating a data room and providing requested information to EnergyNet. That process should be complete by no later than August 29, 2022, and EnergyNet anticipates beginning its marketing process no later than September 8, 2022 with bids due by October 6, 2022. Any delay between completing the data room and obtaining approval of a sale process will cause an unnecessary delay in liquidating the Debtors’ assets. Accordingly, the

Debtors submit that they have satisfied the “immediate and irreparable harm” standard. The Debtors respectfully request that the Court approve the relief requested in this Motion on an expedited basis.

BACKGROUND

3. On August 10, 2022 (the “Petition Date”), the Debtors commenced these cases by filing petitions for relief under chapter 11 of the Bankruptcy Code (collectively, the “Chapter 11 Cases”).

4. The Debtors continue to operate their business and manage their properties as debtors and debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

5. As of the filing of this Motion, no creditors’ committee has been appointed in the Chapter 11 Cases by the Office of the United States Trustee for the Southern District of Texas (the “U.S. Trustee”). No trustee or examiner has been appointed in the Chapter 11 Cases.

6. Additional information regarding the Debtors and the Chapter 11 Cases, including the Debtors’ business operations, capital structure, financial condition, and the reasons for and objectives of the Chapter 11 Cases, is set forth in the *Declaration of Drew McManigle in Support of Chapter 11 Petitions and First Day Pleadings*. [Dkt. No. 7].

PROPOSED SALE

7. The Debtors own non-operated working interests and overriding royalty interests which they seek to liquidate through a public online sealed bid auction conducted by EnergyNet. The data room for the Debtors’ assets should be completed no later than August 31, 2022. EnergyNet anticipates that it will begin marketing on or about September 8, 2022, and will set a deadline on or about October 6, 2022 for bids.

8. The Debtors' assets are not subject to any consensual liens. All ad valorem tax liens will attach to the proceeds of the sale with the same validity, extent and priority that existed on the Petition Date. The Debtors shall satisfy any liens held by ad valorem taxing authorities within 45 days from the end of the auction.

9. Any party asserting a claim against the Debtors or an interest in the Debtors' property in the state court litigation that preceded these bankruptcy cases either (i) has an interest that is subject to a bona fide dispute, or (ii) could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest. *See* 11 U.S.C. § 363(f)(4) and (5). Accordingly, the Debtors request that their assets be sold free and clear of all liens, claims, interests and encumbrances.

LEGAL AUTHORITY AND ARGUMENT

10. The Debtors request that the Court approve the sale of the Debtors' assets free and clear of all liens, claim, and encumbrances. In evaluating such a sale, a court must balance the need for flexibility with the concerns of affected creditors. *In re Terrace Gardens Park P'ship*, 96 B.R. 707, 715 (Bankr. W.D. Tex. 1989). The Court must also determine that creditors' lien rights are adequately protected and that the offered price is the highest price obtainable under the circumstances in the particular case. *Id.*; *In re Beker Indus. Corp.*, 63 B.R. 474, 477–78 (Bankr. S.D.N.Y. 1986). The Debtors believe that EnergyNet's proposed process for marketing the assets and conducting a public, online sealed bid auction will maximize the potential value of the Debtors' assets.

11. Secured parties' interests, if any, are being adequately protected because their liens, claims, interests, and encumbrances ("Encumbrances") shall attach to the sale proceeds. All parties with Encumbrances in the assets who do not object to the Motion are deemed to have

consented pursuant to Section 363(f)(2). All parties with Encumbrances in the assets who object to this Motion and have not withdrawn their objections therein fall within one or more of the other subsections of Section 363(f) and are adequately protected by having their Encumbrances attach to the net proceeds of the sales with the same validity, enforceability, priority, force and effect that they now have as against the assets, subject to the rights, claims, defenses, and objections, if any, of the Debtors and all parties-in-interest with respect to such Encumbrances.

CONCLUSION

WHEREFORE, the Debtors request the Court enter an order, substantially in the form attached hereto, granting this Motion and for such other and further relief as is just and proper.

Dated: August 24, 2022.

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PROPOSED COUNSEL FOR DEBTORS AND DEBTORS IN POSSESSION

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing pleading has been served on all parties in interest listed on the attached Service List by U.S. mail, first class, postage prepaid, on this the 24th day of August, 2022.

/s/ Aaron J. Power
Aaron J. Power

U.S. FIRST CLASS MAIL

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